

SENATE BILL NO. 219

INTRODUCED BY M. WATERMAN

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING PERSONS NOT LICENSED OR CERTIFIED AS ACCOUNTANTS TO HAVE A MINORITY OWNERSHIP INTEREST IN ACCOUNTING PARTNERSHIPS OR CORPORATIONS; AMENDING SECTION 37-50-301, MCA; AND REPEALING SECTIONS 37-50-331, 37-50-332, 37-50-333, AND 37-50-334, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Corporations and partnerships -- registration -- compliance with ownership requirements. (1) A corporation or partnership composed of certified public accountants or a corporation or partnership composed of public accountants THAT IS OR PLANS TO BECOME ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTING may include individuals who are not licensed as public accountants or certified as certified public accountants if:

(a) the corporation or partnership designates an accountant who is licensed or certified in this state to be responsible for the proper registration of the corporation or partnership;

(b) a simple majority of ownership in the corporation or partnership, in terms of equity and voting rights, is held by accountants who are licensed or certified accountants in this state or in another jurisdiction;

(c) all persons with an ownership interest in the partnership or corporation are individuals actively participating in the business of the partnership or corporation; and

(d) any person with an ownership interest in the partnership or corporation who is not licensed or certified as an accountant and who holds a professional license, registration, or certification issued by this state or another jurisdiction is in compliance with the requirements for that license, registration, or certification.

(2) An accountant licensed or certified in this state who holds an ownership interest in a partnership or corporation organized pursuant to this section is ultimately responsible for all services provided by the partnership or corporation including any unit, branch, or division of the partnership or corporation providing attestation services.

(3) (a) A partnership or corporation that is no longer in compliance with the ownership requirements of subsection (1)(b) shall give notice to the board within 90 days of the noncompliance.

(b) The board shall grant the partnership or corporation a reasonable amount of time to reestablish compliance with the ownership requirements of subsection (1)(b). The time granted by the board to a partnership or corporation to reestablish compliance may not be less than 90 days from the date the board receives the partnership's or corporation's notice of noncompliance.

(c) The failure of a partnership or corporation to reestablish compliance with the ownership requirements of subsection (1)(b) is grounds for the board to suspend or revoke the partnership's or corporation's registration required by 37-50-335.

Section 2. Section 37-50-301, MCA, is amended to read:

"37-50-301. Illegal use of title. (1) ~~No~~ A person may not assume or use the title or designation "certified public accountant" or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device ~~tending to indicate~~ indicating that ~~such the~~ the person is a certified public accountant unless ~~such the~~ the person holds a current certificate as a certified public accountant under this chapter. However, a foreign accountant who has registered under the provisions of 37-50-313 ~~may~~ shall use the title under which ~~he the foreign accountant~~ is generally known in ~~his the foreign~~ the foreign country, followed by the name of the country from which ~~he received his the foreign accountant's~~ the foreign accountant's certificate, license, or degree was received.

(2) ~~No~~ A partnership or corporation ~~shall~~ may not assume or use the title or designation "certified public accountant" or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device ~~tending to indicate~~ indicating that ~~such the~~ the partnership or corporation is composed of certified public accountants pursuant to the requirements of [section 1] unless it is registered ~~under 37-50-331 or 37-50-332, whichever is applicable, and all of its offices in this state for the practice of public accounting are maintained and registered~~ as required under 37-50-335.

(3) ~~No~~ A person may not assume or use the title or designation "licensed public accountant", "public accountant", or any other title, designation, words, letters, abbreviation, sign, card, or device ~~tending to indicate~~ indicating that ~~such the~~ the person is a public accountant unless ~~such the~~ the person holds a current license as a licensed public accountant under this chapter.

(4) ~~No~~ A partnership or corporation may not assume or use the title or designation "licensed public

1 accountant", "public accountant", or any other title, designation, words, letters, abbreviation, sign, card,
2 or device ~~tending to indicate~~ indicating that ~~such the~~ partnership or corporation is composed of public
3 accountants unless it is registered ~~under 37-50-331, 37-50-332, 37-50-333, or 37-50-334, whichever~~
4 ~~is applicable, and all of its offices in this state for the practice of public accounting are maintained and~~
5 ~~registered~~ as required under 37-50-335.

6 (5) ~~No~~ A person, corporation, or partnership may not assume or use the title or designation
7 "certified accountant", "chartered accountant", "enrolled accountant", "licensed accountant", "registered
8 accountant", or any other title or designation likely to be confused with "certified public accountant",
9 "licensed public accountant", "public accountant" or any of the abbreviations "CA", "EA", "LA", or "RA"
10 or similar abbreviations likely to be confused with "CPA". However, a foreign accountant who has
11 registered under 37-50-313 ~~may~~ shall use the title under which ~~he~~ the foreign accountant is generally
12 known in ~~his~~ the foreign country, followed by the name of the country from which ~~he~~ the foreign
13 accountant's received his certificate, license, or degree was received, AND A PERSON WHO IS LICENSED AS AN
14 ENROLLED AGENT BY THE INTERNAL REVENUE SERVICE MAY USE THE TITLE "ENROLLED AGENT" OR THE ABBREVIATION
15 "EA".

16 (6) ~~No~~ A person may not sign or affix ~~his~~ the person's name or any trade or assumed name used
17 by ~~him~~ the person in ~~his~~ the person's profession or business with any wording indicating that ~~he~~ the person
18 has expert knowledge in accounting or auditing to any accounting or financial statement or to any opinion
19 on, report on, or certificate to any accounting or financial statement unless ~~he~~ the person holds a current
20 permit issued under 37-50-314 and all of ~~his~~ the person's offices in this state for the practice of public
21 accounting are maintained and registered under 37-50-335. However, the provisions of this subsection
22 do not prohibit any officer, employee, partner, or principal of any organization from affixing ~~his~~ a signature
23 to any statement or report in reference to the financial affairs of that organization with any wording
24 designating the position, title, or office ~~which he~~ that the person holds in that organization, nor do the
25 provisions of this subsection prohibit any act of a public official or public employee in the performance of
26 ~~his~~ the official's or employee's public duties ~~as such~~.

27 (7) ~~No~~ A person may not sign or affix a partnership or corporation name with any wording
28 indicating that it is a partnership or corporation composed of persons having expert knowledge in
29 accounting or auditing to any accounting or financial statement or to any report on or certificate to any
30 accounting or financial statement unless the partnership or corporation conforms to the requirements of

1 ~~[section 1] and~~ is registered under ~~37-50-331, 37-50-332, 37-50-333, or 37-50-334~~ and all of its offices
2 ~~in this state for the practice of public accounting are maintained and registered~~ as required under
3 37-50-335.

4 (8) ~~No~~ A person may not assume or use the title or designation "certified public accountant" or
5 "public accountant" in conjunction with names indicating or implying that there is a partnership or
6 corporation or in conjunction with the designation "and company" or "and co." or a similar designation if;
7 ~~in any such case,~~ there is in fact no bona fide partnership or corporation that has been formed subject to
8 the provisions of [section 1] and registered under ~~37-50-331, 37-50-332, 37-50-333, or 37-50-334~~
9 37-50-335. However, it is lawful for a sole proprietor to continue the use of ~~the~~ a deceased's name in
10 connection with ~~his~~ the sole proprietor's business for a reasonable period of time after the death of a
11 former partner."
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13 NEW SECTION. **Section 3. Repealer.** Sections 37-50-331, 37-50-332, 37-50-333, and
14 37-50-334, MCA, are repealed.

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16 NEW SECTION. **Section 4. Codification instruction.** [Section 1] is intended to be codified as an
17 integral part of Title 37, chapter 50, part 3, and the provisions of Title 37, chapter 50, part 3, apply to
18 [section 1].

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